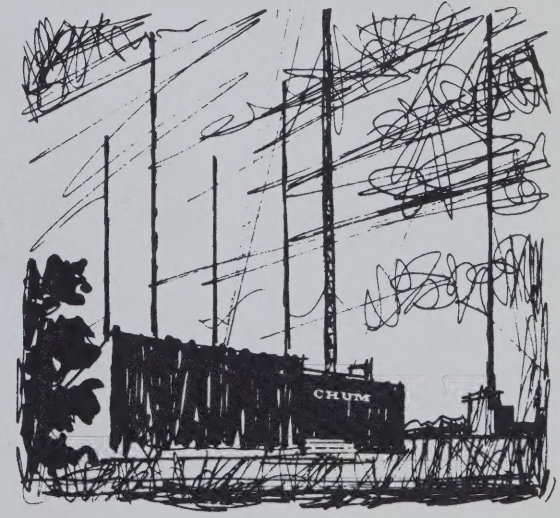
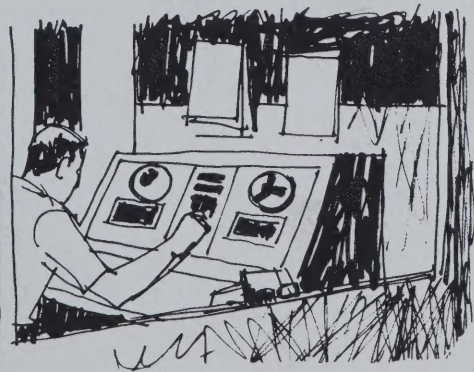
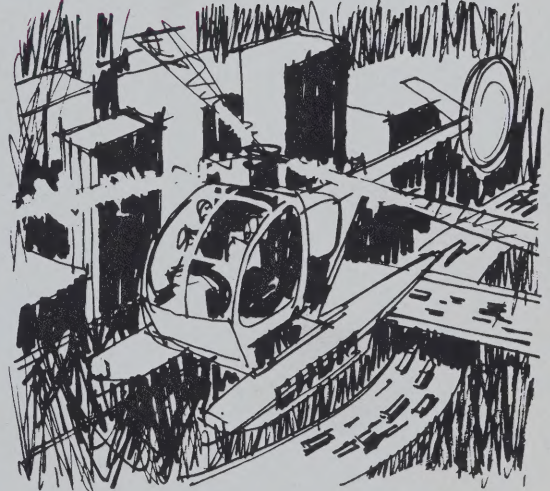


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Annual Report / Eleven months ended August 31, 1968



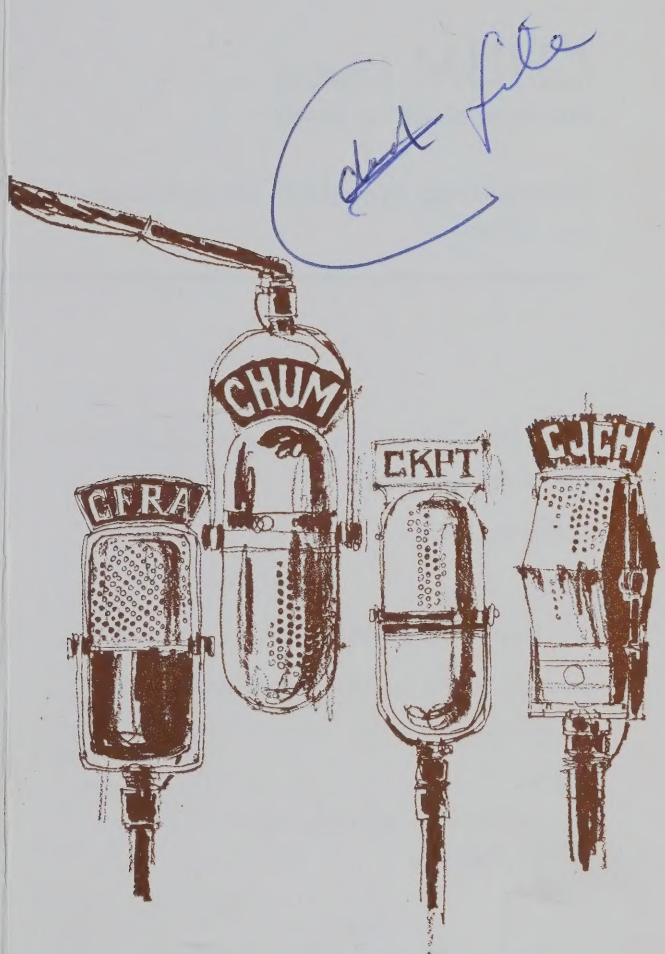
ALLAN WATERS
PRESIDENT

CHUM
LIMITED



The CHUM Group

Radio Station CHUM, Toronto
Radio Station CHUM-FM, Toronto
Radio Station CFRA, Ottawa
Radio Station CFMO, Ottawa
Radio Station CJCH, Halifax
Radio Station CKPT, Peterborough
Television Station CKVR-TV, Barrie



*Chum also has interests in CSH, Halifax
CKPT, Peterborough, +
CFRA Ottawa. CKUR television
Barrie.*

CHUM Limited *Toronto*

INTERIM REPORT
for six months ending
March 31, 1968

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CHUM Limited

AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF EARNINGS

(not audited)

	Six Months Ended March 31	
	1968	1967*
Broadcasting Revenue, less Agency Commisissions	\$2,067,392	\$1,817,105
Operating Expenses	1,492,607	1,256,685
Operating Profit	<u>574,785</u>	<u>560,420</u>
Add:		
Income from Investments	6,000	5,000
Earnings before the Undernoted Items	<u>580,785</u>	<u>565,420</u>
Deduct:		
Interest on Long-Term Debt	8,429	43,714
Depreciation	50,831	47,643
	<u>59,260</u>	<u>91,357</u>
Earnings before Income Taxes	521,525	474,063
Provision for Income Taxes	264,500	267,179
Net Earnings for the Six Months	<u>\$ 257,025</u>	<u>\$ 206,884</u>
Net Earnings per Share on 676,190 Common and Class A Shares	\$ 0.38	\$ 0.31

* In comparing the net earnings for the above six months, income of Radio Station CFRA Limited is included in 1967 only from date of acquisition—January 1, 1967.

CONSOLIDATED STATEMENT OF EARNINGS

(not audited)

Sources of Funds:

Operations —
Net Earnings for
Depreciation (no

Other —
Loans

Application of Funds:

Additions to Fixed Assets
Reduction in Long-term
Dividend—Class "A"
Additions to Investments
Excess of Cost of Shares
Company over Book

Increase (decrease) in Working
Capital at September 30,
and September 30, 1967

Working Capital at March 31,
and March 31, 1967

SOURCE AND APPLICATION OF FUNDS

	Six Months Ended March 31	
	1968	1967
Six Months Cash outlay)	\$ 257,025	\$ 206,884
	50,831	47,643
	<u>307,856</u>	<u>254,527</u>
	—	1,600,000
	<u>307,856</u>	<u>1,854,527</u>
(net)	6,859	449,804
ot	82,208	609,848
es	58,109	—
	—	22,500
Subsidiary Value of Underlying Assets	—	1,480,263
	<u>147,176</u>	<u>2,562,415</u>
Capital	160,680	(707,888)
30, 1967	520,081	163,584
	<u>—</u>	<u>—</u>
968	<u>\$ 680,761</u>	<u>\$ (544,304)</u>

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CHUM Limited

AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF EARNINGS

(not audited)

Broadcasting Revenue, less Agency Commisisions	\$
Operating Expenses	-
Operating Profit	
Add:	
Income from Investments	-
Earnings before the Undernoted Items	
Deduct:	
Interest on Long-Term Debt	-
Depreciation	-
Earnings before Income Taxes	
Provision for Income Taxes	
Net Earnings for the Six Months	\$
Net Earnings per Share on 676,190 Common and Class A Shares	\$

* In comparing the net earnings for the above six month
CFRA Limited is included in 1967 only from date of acq

CHUM Limited

AND SUBSIDIARY COMPANY

TO THE SHAREHOLDERS:

I am pleased to report an increase in earnings for the first six months of our fiscal year. This reflects a continuing upward trend in the earnings of your Company.

Our application for maximum power for CHUM-FM Toronto was recently approved by the necessary government bodies, and we expect to be broadcasting with our new power this Fall. Additionally we have arranged to re-locate the transmitter tower. This move, together with the power increase, will give CHUM-FM a strong signal throughout the Metro areas and beyond.

The sale of CKVR-TV (Channel 3) Barrie, Ontario was called off; we retain our one-third interest in this valuable television property.

Your Company is actively investigating business acquisitions associated with the broadcasting and advertising industry. The spirit of your Company will be to continue expansion wherever it is consistent with the principles of good management.

ALLAN WATERS,
President.

May 6, 1968.

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Report to the shareholders

This second annual report of CHUM Limited shows a satisfactory improvement in our overall financial position. To meet the requirements of the new Broadcasting Act, the Canadian Radio-Television Commission must have financial information from all licensees based on annual reports as at August 31, commencing with 1968. In order to facilitate filing such reports, we have changed our year-end to August 31; therefore, this annual report covers a period of eleven months.

The past year has been unsettled for Canada and the world both economically and politically. The resulting uncertainty in the business climate has been one cause of advertisers and advertising agencies being reluctant to make large, long-term commitments to advertising media.

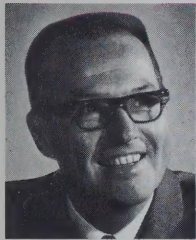
Canada now has its first majority government in years. It is already obvious that this is having a stabilizing and accelerating effect on the Canadian economy. Businessmen know who will be governing the country for the next four years. This fact alone will build confidence in Canada and in Canadian business throughout the world.

The CHUM Group continues to strive for improvement in the acceptability of our broadcast product; for aggressive new sales and programming ideas; and for the exploration of new acquisitions, both within the broadcasting industry and outside it.

We have examined many companies in a variety of fields. We have studied new products and new services of all kinds. This examination and study will continue, expressing our stated policy of expanding this vigorous company.

During the year your Company made two new investments in broadcasting outlets, subject to approval of the Government bodies. The first was the purchase of an additional one-third interest in CKVR-TV, Channel 3, Barrie, Ontario with satellites

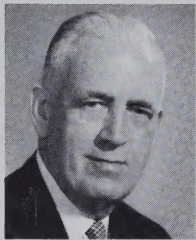
Board of Directors



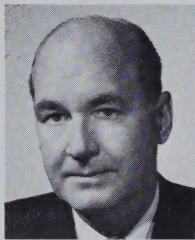
Allan F. Waters
Toronto
(President, CHUM Limited)



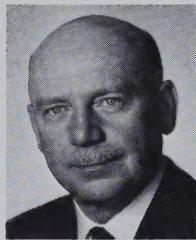
J. Wesley Armstrong
Toronto
(Vice President, Sales,
CHUM Limited)



Alexander A. Forbes, C.A.
Toronto
(Vice President, Finance,
CHUM Limited)



A. Deane Nesbitt, B.Eng.,
O.B.E., D.F.C.
Montreal
(President, Nesbitt, Thomson
and Company, Limited)



Ralph T. Snelgrove
Barrie
(President, Ralph Snelgrove
Television Limited)



Lawrence S. Solway
Toronto
(Vice President, Programming,
CHUM Limited)

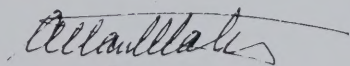
in Parry Sound, Huntsville and Haliburton. With this acquisition CHUM becomes a two-thirds owner of this valuable television property. The City of Barrie is just fifty miles from Toronto. As Toronto grows northward and Barrie expands in all directions, the communities served by CKVR-TV will increase rapidly.

At the time of writing, details of our second investment have not been announced, but we expect to release this news shortly. The present owner will continue as a shareholder and President of our new subsidiary.

After full discussion with the Canadian Radio-Television Commission, we were able to adjust our CHUM-FM broadcast policy. Our new "sound" has made enormous strides in capturing a large segment of the age 18 to 35 population with a music policy that is valid in our times and exciting listening. Since making the change, our revenues for CHUM-FM have increased.

The CHUM Group continues to maintain a highly professional staff at all levels: management, sales, and on-air personalities. We continue to stress continuity and depth in our organization; we maintain a team of experienced people with many years' service in the industry.

Your Company is in an excellent position to move upwards. Faced with brighter economic forecasts and continuing growth in the size of our audiences in all our station cities, we look forward with optimism to the results of the year ending August, 1969.


President

October 7, 1968

Highlights of the eleven months
ended August 31, 1968

Net earnings	\$ 578,245
Earnings per share	85.5¢
Funds generated from operations	675,666
Provision for income taxes	618,500
Working capital	805,517
Shareholders' equity	4,580,431
Long term debt	333,475
Dividends paid on Class A shares	118,860

CHUM Parliamentary News Service

This Bureau, staffed by Director Paul Akehurst and correspondent Arthur Lewis, was originally set up to feed Parliamentary news to CHUM, then latterly to the Company stations. The service has now been expanded to serve a chain of stations from coast to coast. With continuing expansion, your Company offers a more influential voice across Canada, and enhances its recognition for responsible news work among the political figures on Parliament Hill.





The CHUM Group

Community Involvement

CHUM Toronto continued its successful CHUM's Kids' Crusade. This charitable institution is totally self-sustaining with revenues derived from participation in various events. Annually, CHUM's Kids' Crusade presents famous "Elsie the Borden Cow" at the CNE. During the past year, the Foundation sponsored the Petula Clark show. Additional money, in considerable amounts, came from students and youth organizations. During the fiscal period, the Foundation gave its second \$10,000 contribution to the Audio/Visual Centre, \$5,000 to the Christian Youth Centre, as well as many smaller donations in cases of personal distress.

CJCH Halifax continued with the sponsorship of Elmer the Safety Elephant. Over 50,000 public school children are involved and the campaign is handled in association with the Halifax-Dartmouth police and RCMP.

Programming

The most successful telephone show in the Maritimes is Bill Ozard's "Phone Forum" on CJCH. Everyone calls Bill the Ombudsman of Nova Scotia. Now they call him for three hours every morning. "Phone Forum"—expanded from 9-11 a.m. to 9-noon.

In Toronto, CHUM's Larry Solway has spent the last several years dominating radio listening habits every week night. "Speak Your Mind" has been moved to prime 9-11 time every morning. How successful was the move? In the first week Bell Telephone officials demanded a meeting to discuss the turmoil caused by thousands of new people using the Walnut exchanges in Toronto!

"Green Line" at CFRA Ottawa has added new dimension. Not only does Lowell Green continue his "crusade for the community"—but now his special line is open 24 hours a day. "Green Action Line" asks Ottawa to call in their complaints. From these calls a twice-each-morning feature is derived. Additionally, the special information available often gives momentum to exciting local news stories. Incidentally, Lowell Green was given the Civitan "Citizen of the Year" Award.

CHUM-FM has invaded the richest untapped field in broadcasting. By changing to the "Progressive Pop" format the station has evoked great interest from the 18-35 age group.

Now with an exciting blend of progressive pop, folk music, jazz, blues and classics—CHUM-FM is proving its power. The nightly "Record Review Board" has received as many as 1,300 telephone calls in less than one hour in the evening. Naturally this has already enhanced the saleability of commercial time.



Personnel Additions

CHUM Toronto has added an aggressive, responsible newsman in appointing Robert MacBain News Director. It was newspaper reporter MacBain who stood in the crossfire during last year's riots in Detroit. His guiding hand in the CHUM newsroom has created a new and exciting kind of performance already measured by audience enthusiasm. More than ever CHUM News works on total examination of the local and national scene. CHUM has also added Jack Armstrong to its staff of on-air personalities. Many radio men across Canada and the U.S. consider Armstrong to be the outstanding youth-slanted disc jockey in radio today.

The most widely respected commentator in the Maritimes is Edmund Morris. A newspaperman with a totally unique style, Morris is the only independent commentator in the Maritimes. People talk about Edmund Morris after they hear him exclusively on CJCH Halifax.

CFRA Ottawa added new strength to its executive staff with the appointment of Jim Smith. Mr. Smith, now National Sales Manager, was formerly head of sales for Frigidaire Division of General Motors in Australia. On air, CFRA has added Trevor Kidd, young and up-to-date, who mans the mike during the drive-home program—and Charlie Hunter who takes charge of the all-night show.

In Peterborough CKPT has added the experience and local popularity of Del Crary, now doing the morning show. Ken Cassavoy is on-air during the mid-morning period, works on programming the rest of the day.

Technical Improvements

CHUM-FM now boasts a booming new signal. New transmitter location: Manufacturer's Life Tower in midtown Toronto; new power: 100,000 watts. Now CHUM-FM reaches everywhere in Metro Toronto and surrounding areas with a stronger stereo signal. So good is the signal that it can now be picked up perfectly in a car driving through a tunnel. Our new location does away with the impediment of high-rise buildings which sprung up all around the old tower location.

CFRA Ottawa wanted to increase its total involvement at Fall fairs, shopping plazas and other significant outdoor events. They've added a fully air-conditioned mobile trailer that is the last word in high quality remote broadcasting. More people than ever listen to CFRA. Now more than ever will see the station at work.





AND SUBSIDIARY COMPANY

Consolidated Balance Sheet as at August 31, 1968

(with comparative figures at September 30, 1967)

ASSETS

	1968	1967
Current Assets:		
Cash	\$ 518,714	\$ 287,250
Accounts receivable	735,527	707,780
Prepaid expenses	62,130	46,643
	<u>1,316,371</u>	<u>1,041,673</u>
Investments—at cost: (Note 2)		
Ralph Snelgrove Television Limited	802,521	802,521
Radio CJCH 920 Limited	350,000	350,000
Peterborough Broadcasting Co.	99,351	93,812
	<u>1,251,872</u>	<u>1,246,333</u>
Fixed Assets:		
Land, at cost	524,878	521,033
Buildings and equipment, at cost		
less accumulated depreciation \$1,223,740 (1967—\$1,129,901)	851,376	840,919
	<u>1,376,254</u>	<u>1,361,952</u>
Excess of cost of shares of subsidiary company over book value of underlying assets	1,480,263	1,480,263
	<u>\$5,424,760</u>	<u>\$5,130,221</u>

Approved on behalf of the Board
 Allan F. Waters, Director
 A. A. Forbes, Director

LIABILITIES AND SHAREHOLDERS' EQUITY

	1968	1967
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 213,904	\$ 129,327
Income taxes payable	192,481	228,069
Instalments on long-term debt due within one year	104,469	164,196
	<u>510,854</u>	<u>521,592</u>
Long-Term Debt: (Note 3)	333,475	487,583
Shareholders' Equity:		
Capital Stock:		
Non-cumulative, redeemable, convertible		
Class A shares with a par value of \$10 each—		
Authorized and issued—264,133 shares	2,641,330	2,641,330
Common shares without par value—		
Authorized—1,500,000 shares		
Issued — 412,057 shares	100,000	100,000
Retained Earnings	1,839,101	1,379,716
Total Shareholders' Equity	4,580,431	4,121,046
	<u>\$5,424,760</u>	<u>\$5,130,221</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of CHUM Limited and its Subsidiary Company as at August 31, 1968 and the related Consolidated Statement of Earnings, Retained Earnings and Source and Application of Funds for the eleven months ended on that date. Our examination of the consolidated financial statements of CHUM Limited included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

October 8, 1968

In our opinion these consolidated financial statements present fairly the financial position of the companies as at August 31, 1968 and the results of their operations and the source and application of their funds for the eleven months ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

EWEN & EWEN
Chartered Accountants



AND SUBSIDIARY COMPANY

Consolidated Statement of Earnings for Eleven Months ended August 31, 1968

(with comparative figures for the year 1967) (Note 1)

	Eleven Months Ended August 31, 1968	Twelve Months Ended September 30, 1967
Broadcasting revenue, less agency commissions	\$4,124,999	\$4,207,130
Operating expenses	2,836,919	2,803,389
Operating profit	<u>1,288,080</u>	<u>1,403,741</u>
Add:		
Income from investments	20,539	10,128
Earnings before the undernoted items	<u>1,308,619</u>	<u>1,413,869</u>
Deduct:		
Interest on long-term debt	14,453	97,719
Depreciation	97,421	109,338
	<u>111,874</u>	<u>207,057</u>
Earnings before income taxes	1,196,745	1,206,812
Provision for income taxes	618,500	659,962
Net earnings for the period	\$ 578,245	\$ 546,850
Net earnings per share on 676,190 Common and Class A shares	<u><u>85.5¢</u></u>	<u><u>81.0¢</u></u>

Consolidated Statement of Retained Earnings for Eleven Months ended August 31, 1968

(with comparative figures for the year 1967)

	Eleven Months Ended August 31, 1968	Twelve Months Ended September 30, 1967
Balance at beginning of period	\$1,379,716	\$1,018,843
Add:		
Net earnings for the period	578,245	546,850
	<u>1,957,961</u>	<u>1,565,693</u>
Deduct:		
Cash dividends paid on Class A shares (Note 4)	118,860	29,055
Premium on repayment of first mortgage income bond	—	140,000
Portion of expenses of Class A stock issue	—	16,922
	<u>118,860</u>	<u>185,977</u>
Balance at end of period	<u><u>\$1,839,101</u></u>	<u><u>\$1,379,716</u></u>

Consolidated Statement of Source and Application of Funds for Eleven Months ended August 31, 1968

(with comparative figures for the year 1967)

	Eleven Months Ended August 31, 1968	Twelve Months Ended September 30, 1967
Sources of Funds:		
Operations		
Net earnings for the period	\$ 578,245	\$ 546,850
Depreciation (not a cash outlay)	97,421	109,338
	<u>675,666</u>	<u>656,188</u>
Other		
Issue of 264,133 Class A shares	—	2,641,330
	<u>675,666</u>	<u>3,297,518</u>
Application of Funds:		
Additions to fixed assets (net)	111,723	460,458
Additions to investments	5,539	20,128
Reduction in long-term debt	154,108	794,195
Dividends—Class A shares	118,860	29,055
Excess of cost of shares of subsidiary company over book value of underlying assets	—	1,480,263
Premium on repayment of first mortgage income bond	—	140,000
Portion of expenses of Class A stock issue	—	16,922
	<u>390,230</u>	<u>2,941,021</u>
Increase in working capital during period	285,436	356,497
Working capital at beginning of period	520,081	163,584
Working capital at end of period	<u><u>\$ 805,517</u></u>	<u><u>\$ 520,081</u></u>



AND SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements for the Eleven Months ended August 31, 1968

1. Principles of Consolidation:

The consolidated financial statements include the accounts of Radio Station CFRA Limited, a wholly-owned subsidiary. In comparing the net earnings for the fiscal periods 1968 and 1967, income of Radio Station CFRA Limited is included in 1967 only from date of acquisition, January 1, 1967.

2. Investments:

Your Company holds a one-third interest in Ralph Snelgrove Television Limited and has made an offer to purchase another one-third interest. In addition an offer has been made to purchase control in another broadcasting outlet. Completion of these purchases are subject to the approval of the Canadian Radio-Television Commission.

3. Long-Term Debt:

6% bank loan (see below)	\$300,000
7% Mortgage, payable in monthly instalments from September 1, 1968 to March 1, 1985	137,944
	<u>437,944</u>
Less: Instalments due within one year	104,469
	<u><u>\$333,475</u></u>

The bank holds as security for its loan a general assignment of accounts receivable. While the bank loan is on

a demand basis, the Company has an understanding with the bank that the loan will be reduced at the rate of \$25,000 quarterly.

4. Dividends:

The Class A shareholders are entitled to receive when and if declared by the Board of Directors non-cumulative preferential dividends at the rate of 45¢ per share per year. When in any year prior to July 1, 1969, dividends aggregating 45¢ per share shall have been paid, the holders of the common shares are entitled to receive when and if declared by the Board of Directors dividends at the rate of 10¢ per share. Thereafter any further dividends declared shall be paid in equal amounts per share on all the Class A shares and on all the common shares. In any year after July 1, 1969, the holders of the common shares shall be entitled to receive dividends at the rate of 45¢ per share when and if declared by the Board of Directors, after payment of the non-cumulative preferential dividend of 45¢ per share on all the Class A shares, and any further dividends declared shall be paid in equal amounts per share on all the Class A and on all the common shares.

5. Remuneration of Officers and Directors:

During the year aggregate remuneration paid or payable by the Company and its subsidiary to directors, as such, was nil and to senior officers of the Company was \$264,286.

